

Introduction to the Community Residential Services Pricing Model

6 June 2025 Information Session

Q&A

7 July 2025

The banded approach

What are the banded rates?

Disabled people living in community residential care will be assigned one of six banded rates across four regions (for a total of 24 bands) that will fund support services.

The banded rates reflect an average price for a range of care and support needs which provides greater pricing stability. DSS will now fund a provider on one of the six banded rates for the region that should cover the reasonable costs of providing care. This is not the same as funding an individual's cost.

Providers should think of their total costs as being covered by the funding they receive for providing supports to residents.

Most people supported in Community Group Homes are expected to be funded from the new Banded Rates. However, we recognise that some disabled people require a higher level of specialised support – or have such extraordinary needs – that a standard funding approach may not be suitable. They will still require Individual Rates (allocated through an exceptions process).

Will there continue to be Physical Disability (PD) and Intellectual Disability (ID) contracts?

There will be a common set of banded rates for all residential support in community group homes. We are not proposing any changes to the differentiation of ID and PD in the current contract service specification.

What costs do the banded rates cover?

The prices are based on fair and reasonable costs (in aggregate and on average) across a number of cost groups, such as like staffing and, housing. The model may not reflect each provider's exact costs for each person they support.

DSS has provided more information about this, and this will be available on the Disability Support Services website.

Is there a margin built in for providers?

The model is based on reasonable, but generous, cost assumptions for each component. There is no additional margin added.

The new pricing model is based on reasonable costs of delivering community residential care and is benchmarked against external data, for example food price inflation.

These costs have been informed by a review of the 14 existing pricing models and tested with a representative group of providers.

The model will be reviewed annually so funding decisions are informed by the changing costs of services. This annual review process will reduce the need for ad hoc individual rates, enable us to better forecast expenditure, and support the Government to make informed Budget decisions. This will provide greater certainty and confidence for providers and the disabled people we serve.

Is the cost of compliance reflected in the tool?

Overhead costs are built into the pricing.

Does that '89 providers' include all residential providers?

The 89 providers include all providers of community residential support, including providers who support fewer than 10 people.

Will the banded rates be reviewed annually?

Yes.

When are you going to provide the actual banded rates?

We will be asking providers to validate and update some key information (such as house size, house capacity and occupancy) across their residential homes.

This information will help us ensure the new residential Pricing Model bands accurately reflect current services and can support a fair and consistent approach.

Providers will be advised of finalised rates following this validation. We estimate to be by September 2025.

Assumptions

Who were the providers that contributed to the assumptions?

We engaged with a mix of small, medium and large residential providers to test the assumptions of the new pricing model. Go to our website for more information:

[Provider engagement on pricing model | Disability Support Services](#)

When will you be in touch with providers to validate the assumptions made regarding each provider?

We will be in contact with providers soon to validate data we need to finalise the transition of people you currently support onto new banded or exceptional rates.

This information will help us ensure the new residential Pricing Model bands accurately reflect current services and can support a fair and consistent approach.

Providers will be advised of finalised rates for the people you support following this validation.

When will more detail be available on the banded rates and assumptions underpinning them?

We expect to share more detailed information on the pricing assumptions and external reference points in the coming weeks.

Home size

What assumptions have been made in terms of people in a home?

The model considers factors including region, capacity of house, and the needs of the person.

It recognises that larger homes can absorb some of the costs associated with the additional people who live in them. If fewer people live in a house, there will be less non-scalable costs. For example, a person who lives alone in a house may have the same level of need as a person living in a three-bedroom house. But the person living alone will have a higher rate.

The pricing model considers factors such as house size (the number of bedrooms), but also house capacity (the number of people able to be supported in a particular home). It is no longer based on a core assumption of a four-person home. For example, the house size may be three bedrooms, but house capacity is two because one room is used for sleepover staff.

DSS will be in contact with providers shortly to validate data that we need to finalise the new rates.

How is a person living alone with 1:1 support affected by this?

The new model allows for various arrangements of house size and support ratios.

A person receiving 1:1 support in a live-alone setting may be part of the top 5% that requires a bespoke funding arrangement outside of banded rates.

How are vacancies reflected in the tool?

A vacancy factor has been built into the pricing, supporting the use of one room – if a provider chooses – to be used for sleepovers or to cater for vacancies in the house. This means that not every room is expected to be occupied all the time, but providers will need to consider the efficient use of houses as part of their business.

Because the pricing is based on averages across houses and individuals, providers can vary funding (and vacancies) where needed to manage sustainability.

How do the new banded rates cater for the changing needs of individuals?

We are moving away from paying a rate which must be spent on supporting an individual. While providers will still be paid for each person they support, they will have more flexibility to use their total funding pool to provide support across the people in their care.

The new funding model allows greater flexibility for providers in delivering support and managing changes from within their total residential funding, rather than adjusting costs for individuals.

Where a person has had a significant change in support needs, we expect the usual NASC/EGL site review process to occur.

Funding

When can providers expect to find out what their new funding will be?

We have estimated the financial impact from implementation of the new model. Providers have received a letter explaining this expected change, subject to a validation process that will be used to confirm the underlying information and bands. We anticipate being able to confirm final funding levels after the validation process likely by September 2025.

Will there be price changes before December 2025?

For the period 1 July to 30 November 2025, providers will be funded through current funding streams and mechanisms including:

- Existing bed day rates,
- Advanced Interim Payment (AIP) top up for pay equity,
- Sleepover top up,
- Day Activity Contribution (DAC) allocations, and
- Client contributions (no change to inclusive or exclusive status).

Where providers are estimated to receive an increase in funding under the new model, DSS will make a one-off Advanced Payment in July based on the estimated increase to funding across the period.

Providers can expect to receive a letter confirming this detail soon.

From 1 December, once a provider has been awarded a panel agreement, the people you support will be shifted to the appropriate new inclusive pricing which will incorporate all of those funding streams. These new rates will be reflected in the panel agreement.

When will information be made available about assumptions made for transition period for each person?

Providers have been sent a letter outlining the overall estimated financial impact for their organisation.

DSS has been in contact with providers to validate data that we need to finalise new rates. Providers will be advised of finalised rates for the people they support following this validation.

Will the timing for transition payments be covered in the information to come?

Yes.

Will the new prices be backdated to 1 July 2025 or 1 December 2025?

Where providers are estimated to receive an increase in funding under the new model, DSS will make a one-off advanced payment in July 2025

based on the estimated increase to funding across the period. This may not exactly reflect the price increase, following data validation.

Pay equity and sleepovers

Will sleepover arrangements continue to be funded?

As part of tidying up funding arrangements for residential care, we intend to move to an all-inclusive rate. This means the sleepover funding, which is generally funded separately to rates, will be rolled into the rates paid for residential care in Community Group Homes.

The rates will include an assumption that every house is funded for a sleepover. Moving the funding into the rates will make the funding paid for an individual's support more transparent to all parties involved.

The pricing model's sleepover hourly rate is based on a support worker pay rate and not the minimum wage. This means that prices will not change in response to the annual increase in the minimum wage. Providers remain responsible for setting remuneration for their employees.

If someone requires an awake staff at night, will this change the rate?

The pricing model allows for a wakeover shift at every home – so if a person within a home is assessed as requiring awake support overnight, this won't require a change in rate.

If people require a high level of support (including support overnight), we expect them to be funded at a higher band, or exceptional rate, which has a generous labour component. This would be whether that support was during the day or overnight.

What is included in the banded rates?

The new rates will be inclusive of Advanced Interim Payments (AIP) and sleepover funding. All providers will move to client contribution inclusive rates, so this amount will be included in the banded rates and deducted at the time of payment.

Overheads are assumed to cover compliance costs.

The below table provides the estimated and indicative day rates that will be contracted under the new CGH Pricing Model.

The rates will replace existing: Day Rates, Sleepover Top-ups, Pay Equity Advance Interim Payment top-ups, and Day Activity Contributions (DAC). The rates will all be Client Contribution Inclusive.

Level:	Estimated Price Point:
Northern	
Level 1	\$320.00
Level 2	\$410.00
Level 3	\$490.00
Level 4	\$670.00
Level 5	\$830.00
Level 6	\$960.00
Midlands	
Level 1	\$320.00
Level 2	\$400.00
Level 3	\$490.00
Level 4	\$630.00
Level 5	\$720.00
Level 6	\$850.00
Central	
Level 1	\$320.00
Level 2	\$400.00
Level 3	\$490.00
Level 4	\$630.00

Level 5	\$730.00
Level 6	\$840.00
Southern	
Level 1	\$310.00
Level 2	\$390.00
Level 3	\$480.00
Level 4	\$660.00
Level 5	\$810.00
Level 6	\$910.00

Please note that these are estimates only. DSS is currently undergoing a data validation exercise. These price points will be updated accordingly. Once DSS has completed this exercise, we intend to meet with each provider and provide an updated fiscal impact assessment based on our expected contract rates. Further details on the [Global Pricing Tool available here](#).

Will pay equity and sleepover payments still be coming through until new contracts come out?

Yes. For the period 1 July to 30 November 2025, providers will be funded through current funding streams and mechanisms including:

- Existing bed day rates,
- Advanced Interim Payment (AIP) top up for pay equity,
- Sleepover top up,
- Day Activity Contribution (DAC) allocations, and
- Client contributions (no change to inclusive or exclusive status).

If Pay Equity continues to 30 November - does that continue at historic levels or based on latest hours worked?

The Operational Policy and Guidelines 2025/26 was released on 1 July 2025 and will be available shortly on the DSS website.

Current pay equity payments will continue to be made to providers monthly through to December at the existing rates.

Any increases that providers receive as advance payments have been calculated on basis that they will continue to receive their current pay equity payments (i.e. The interim payments are the total estimated rate under the new model from 1 July to 30 November, minus the current day rate, sleepover rate, and pay equity rate, all of which continue).

From 1 December, pay equity rates will be included in a single payment structure.

The previous wage rates set in the Support Workers (Pay Equity) Settlements Act 2017 have not been updated.

DSS has modelled labour costs based on the last set of support worker wage rates from the 2024 tripartite agreement. This is the current AIP rate and the cost associated has been provided for in the new pricing model.

DSS will be in touch with each provider shortly to book time to discuss how the model calculates the costs and banded rates, and the transition payments where relevant.

Why do the banded rates include client contributions?

Most people in residential care are eligible for a benefit. We wanted to move to a nationally consistent treatment of client contribution and considered both inclusive and exclusive. Client contribution inclusive arrangements give better visibility on the total funding a provider will receive for supporting a particular person. It is a current requirement in the existing service specification that all Community Group Homes access client contributions through MSD's Residential Support Subsidy (RSS).

What is the relationship between the client contributions inclusive component of the Community Group Home Pricing Model and the Residential Support Subsidy (RSS)?

DSS has built in the Residential Support Subsidy (RSS) into the Community Group Home Pricing Model. It has always been a requirement in the service specification for providers to claim this from the Ministry of

Social Development Work & Income. This requirement has not changed in this contract.

Implementation

Do the new bands apply now?

New contracts and system changes to administer the pricing model will come into effect from 1 December 2025.

Is it business as usual for NASCs in regard to client reviews on either bands or INDR rates until December?

We expect NASCs and EGL sites to continue with usual processes for new entries to residential care and reviews until 30 November 2025.

From 1 December, NASCs and EGL sites will use the new Band Allocation Tool – which is currently in development.

NASCs and EGL sites have been issued updated budgets for the 2025/26 year and will need to continue to prioritise services and supports appropriately within those budgets.

Price freeze

Are NASCs and EGL sites now allowed to refer to Residential care?

In Financial Year 2024/25, pending the completion of a rapid review of residential funding and contracting, residential expenditure was frozen. This funding freeze was lifted on 1 July 2025.

Referrals into residential care were still being processed.

NASCs and EGL sites should continue to prioritise support allocations to remain within their overall budgets, but they will have more flexibility to allocate supports, whether community or residential support, from within their total budget.

Factsheets are available on our website, including in alternate formats.

- [Factsheet: Community Group Home Pricing Model | Disability Support Services](#)

- [Factsheet: Funding freeze on residential care lifted on 1 July 2025 | Disability Support Services](#)

How does the model work for people whose support needs have changed?

NASCs and EGL sites will still need to prioritise supports and services to those that need them the most.

The pricing freeze has been lifted and NASCs have more flexibility to work with disabled people and their families to find the best options to suit them, whether these are in the community or residential care.

If the needs of a person you support have changed, you should follow the usual processes with the local NASC or EGL site.

Does the lift of the freeze also mean people can now shift from NASC/residential funding to EGL?

The pricing freeze has been lifted and NASCs have more flexibility to work with disabled people and their families to find the best options to suit them.

Pay equity

Will Pay Equity payments cease from 1 July?

Advanced Interim Payments (AIP) for pay equity will continue to be paid for the period 1 July to 30 November 2025. From 1 December 2025, the AIP payments will cease as these costs are built into the labour rates in the new pricing model.

Are the support rates for the bands calculated at the current Pay Equity level?

The assumption about pay equity costs are based on the rates in the latest settlement.

Are support staff wage rates based on the previous Pay Equity levels?

The assumption about pay equity costs are based on the rates in the latest settlement.

Property damage

How would property damage be paid?

We are working through finalising the Operational Policy and Guidelines 2025/26. This is expected to be released prior to 1 July 2025 and will be available on our website.

Service specifications

Will the service specifications be updated to reflect the changing needs of clients?

We are reviewing the service specifications as part of the new contracting process. These are available [on our website](#).

Will providers receive a copy of the Band Allocation Tool (BAT) when completed for clients, and include consideration of school holiday and vocational service closures?

The tools and processes are in development, and we have noted this for consideration.

The pricing model accounts for a level of support 24/7, rather than the assumption of current rates that all people leave the house during weekdays. So, the Band Allocation Tool will no longer need to have specific considerations around school holiday/vocational absences.